

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 3/1/2010

GAIN Report Number: MX0007

Mexico

Post: Mexico

February Cotton Update

Report Categories:

Cotton and Products

Policy and Program Announcements

Approved By:

Allan Mustard

Prepared By:

Gabriel Hernandez and Mark Ford

Report Highlights:

The total Mexican cotton production forecast for MY 2009/10 (Aug-Jul) increased slightly to 421,180 bales from previous estimates, but is still down 6.4 percent from post's original estimate (please see GAIN report MX9023). Mexico's harvest is almost finished and there is little chance that Mexico will significantly increase production during that period. The drop in production can be attributed to several factors that affected not only the cotton sector but the entire Mexican agricultural sector. The increased price of fertilizers and pesticides, as well as the cost of using genetically modified seed varieties, became the main constraint for many growers. This situation limited the expansion of acreage since many cotton producers switched to more profitable crops. However, SAGARPA and the Commission on Agriculture of the lower chamber of Congress believe that the static state of the domestic textile industry encouraged domestic producers to switch to other crops. Despite a decrease in the textile industry, the United States is expected to maintain its market

share in Mexico with imports estimated at 1.5 million bales for MY2009/10, which is unchanged from the 2009 Cotton Annual (April).

General Information:

As reported previously, the cotton sector viewed the appointment of Francisco Mayorga as the Secretary of Agriculture as a positive sign that it will receive more financial support. Mayorga has a reputation of rewarding declining sectors with support (i.e., rice), and many believe he will do the same for the cotton sector. The cotton sector expects the cotton target price to be calculated in U.S. cents per pound, which could spur the increase of area planted up to 110,000 hectares per season. To date, Mayorga has not provided extra support for cotton producers, but many expect it will occur soon.

Production, Supply and Demand Data Statistics :

Mexico: Cotton Production by State/Region			
MY2009/10 forecast			
Region	Planted Area (Has)	Yield (Bales/Ha)	Production (Bales)
South Sonora	1,700	6.5	11,050
North Sonora	0	0	0
Mexicali, BC	19,081	6.5	124,027
Juarez, Chihuahua	15,065	5.0	71,236
Delicias, Chihuahua	531	3.8	2,060
Ojinaga-Aldama, Chih.	12,422	5.8	72,716
La Laguna / Dgo-Coah.	20,013	7.0	140,091
North Tamaulipas	0	0	0
TOTAL	68,812	5.8	421,180